

SENATE No. 02214

Senate, April 10, 2012 – Text of the Senate Bill relative to competitively priced electricity in the Commonwealth (being the text of Senate, No. 2200, printed as amended)

The Commonwealth of Massachusetts

In the Year Two Thousand Twelve

An Act relative to competitively priced electricity in the Commonwealth.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Section 18 of chapter 25 of the General Laws, as appearing in the 2010
2 Official Edition, is hereby amended by striking out the fourth paragraph.

3 SECTION 2. Section 19 of said chapter 25, as so appearing, is hereby amended by adding
4 the following subsection:- (d) There shall be a voluntary accelerated rebate pilot program
5 which shall be made available to the 5 largest electric users and 5 largest gas users in each utility
6 service territory. Multiple locations of the same customer shall not be aggregated for purposes of
7 meeting this threshold. Eligible customers electing to participate in the accelerated pilot program
8 shall notify the appropriate program administrator on or before January 31 of each calendar year
9 during the pilot program. Customers electing to participate shall be eligible for financial support
10 of up to 100 per cent of the cost for qualified energy efficiency measures as determined by the
11 program administrator using energy efficiency advisory council criteria. Total rebate levels for
12 participating customers in any year of the pilot program shall not exceed 90 per cent of the

13 amount the customer was charged for energy efficiency programs for calendar year 2012. A
14 participating customer shall not aggregate a rebate from any year in which the customer does not
15 participate in the pilot. Qualified energy efficiency measures shall include cost-effective energy
16 efficiency program measures approved by the applicable program administrator recognized by
17 the department using energy efficiency advisory council criteria under section 21; provided,
18 however, that up to 15 per cent of any accelerated rebate may be used for other improvements
19 that support energy efficiency improvements made under a program approved by the department
20 or emission reductions, including, but not limited to infrastructure improvements, metering,
21 circuit level technology and software. Customers opting to receive an accelerated rebate shall be
22 ineligible for other energy efficiency program rebates under said section 21 during the period in
23 which they participate in the pilot program. All qualified installations shall be substantially
24 completed by the end of the program, and shall be subject to verification and review by the
25 department. Electric and gas distribution companies shall recalibrate their energy efficiency
26 goals, as reviewed by the energy efficiency advisory council under subsection (c) of said section
27 21, to reflect the rebates provided to any customer electing to participate in this pilot program.

28 SECTION 3. Subsection (d) of said section 19 of said chapter 25 of the General Laws is
29 hereby repealed.

30 SECTION 4. Paragraph 1 of subsection (b) of section 21 of said chapter 25, as appearing
31 in the 2010 Official Edition, is hereby amended by adding the following sentence:- No portion of
32 monies expended under this section shall pay for customer incentives meant to encourage greater
33 building energy efficiency where such prescribed efficiency level is equal to that required by the
34 baseline state building energy code; provided, that measures that exceed said code may be fully
35 funded.

36 SECTION 5. Said section 21 of said chapter 25, as so appearing, is hereby further
37 amended by striking out, in lines 114 and 115 and line 118, in each instance, the words
38 “Massachusetts Technology Park Corporation” and inserting in place thereof the following
39 words:- Massachusetts Clean Energy Technology Center.

40 SECTION 6. Section 22 of said chapter 25, as so appearing, is hereby amended by
41 striking out, in line 2, the figure “11” and inserting in place thereof the following figure:- 15.

42 SECTION 7. Said section 22 of said chapter 25, as so appearing, is hereby amended by
43 striking out, in line 9, the words “and (11) the department of energy resources” and inserting in
44 place thereof the following words:- (11) the Massachusetts Non-profit Network, (12) a city or
45 town in the commonwealth, (13) real estate, (14) a business employing less than 10 persons
46 located in the commonwealth that performs energy efficiency services and (15) the department
47 of energy resources.

48 SECTION 8. Section 6 of chapter 25A of the General Laws, as so appearing, is hereby
49 amended by striking out, in line 37, the word “small”.

50 SECTION 9. Subsection (c) of section 11F of said chapter 25A, as so appearing, is hereby
51 amended by striking out, in line 63, the figure “25” and inserting in the place thereof the
52 following figure:- 30.

53 SECTION 10. Said subsection (c) of said section 11F of said chapter 25A, as so appearing, is
54 hereby further amended by striking out, in line 65, the figure “25” and inserting the place thereof
55 the following figure:- 30.

56 SECTION 11. Subsection (d) of said section 11F of said chapter 25A, as so appearing, is
57 hereby amended by striking out, in line 93, the figure “5” and inserting the place thereof the
58 following figure:- 30.

59 SECTION 12. Section 2B of chapter 59 of the General Laws, as appearing in the 2010
60 Official Edition, is hereby amended by inserting after the words “benefit of”, in line 2, the
61 following words:- a governmental entity, including.

62 SECTION 13. Said section 2B of said chapter 59, as so appearing, is hereby further amended by
63 inserting after the word “public”, in line 37, the following words:- , to a use, lease or occupancy
64 for renewable generation facilities, defined as eligible under subsection (c) of section 11F of
65 chapter 25A, from which not less than 50 per cent of the energy output is assigned to either the
66 municipality in which the facility is located or to the governmental entity that owns the land on
67 which the facility is located,.

68 SECTION 14. Section 5 of said chapter 59, as so appearing, is hereby amended by striking out
69 clause Forty-fifth and inserting in place thereof the following clause:-

70 Forty-fifth, Any solar or wind powered system that is capable of producing not more than
71 125 per cent of the annual energy needs of the property upon which it is located, including
72 contiguous property under the same ownership and is behind the meter serving the energy needs
73 of that property. All other solar and wind powered systems shall also be exempt provided that
74 the owner has made to the city or town where the system is located a payment in lieu of taxes,
75 equal to 5 per cent of the system’s gross electricity sales, including receipt of net metering
76 credits as defined in section 138 of chapter 164, in the preceding calendar year. For years 1 and
77 2, the payments shall be annualized based on gross estimated sales derived from a formula to be

78 determined by the department of revenue, in consultation with the department of energy
79 resources. An exemption under this clause shall be allowed only for a period of 20 years from
80 the date of operation of such system. This clause shall not apply to projects developed under
81 section 1A of chapter 164.

82 SECTION 15. Subsection (b) of section 38H of said chapter 59, as so appearing, is
83 hereby amended by inserting after the first sentence the following sentence:- For purposes of
84 this section, a generation facility shall not include a facility powered by sun or wind to generate
85 electricity.

86 SECTION 16. Section 1 of chapter 164 of the General Laws, as so appearing, is hereby
87 amended by striking out the definition of “Distribution company” and inserting in place thereof
88 the following definition:-

89 “Distribution company”, a company engaging in the distribution of electricity or owning,
90 operating or controlling distribution facilities; provided, however, that a distribution company
91 shall not include any entity which owns or operates plant or equipment used to produce
92 electricity, steam and chilled water, or an affiliate engaged solely in the provision of such
93 electricity, steam and chilled water, where the electricity produced by such entity or its affiliate
94 is primarily for the benefit of hospitals and non-profit educational institutions, and where such
95 plant or equipment was in operation before January 1, 1986; and provided further that a
96 distribution company shall not include an on-site combined heat and power facility.

97 SECTION 17. Said section 1 of said chapter 164, as so appearing, is hereby further
98 amended by striking out the definition of “Electric company” and inserting in place thereof the
99 following definition:-

100 “Electric company”, a corporation organized under the laws of the commonwealth for the
101 purpose of making by means of water power, steam power or otherwise and for selling,
102 transmitting, distributing, transmitting and selling, or distributing and selling, electricity within
103 the commonwealth, or authorized by special act so to do, even though subsequently authorized to
104 make or sell gas; provided, however, that electric company shall not include an alternative
105 energy producer; provided, further, that a distribution company shall not include an entity which
106 owns or operates a plant or equipment used to produce electricity, steam and chilled water, or an
107 affiliate engaged solely in the provision of such electricity, steam and chilled water, where the
108 electricity produced by such entity or its affiliate is primarily for the benefit of hospitals and
109 nonprofit educational institutions, and where such plant or equipment was in operation before
110 January 1, 1986; and provided, further, that electric company shall not include a corporation only
111 transmitting and selling, or only transmitting, electricity unless such corporation is affiliated with
112 an electric company organized under the laws of the commonwealth for the purpose of
113 distributing and selling, or distributing only, electricity within the commonwealth; and provided,
114 further, that an electric company shall not include an on-site combined heat and power facility.

115 SECTION 18. Said section 1 of said chapter 164, as so appearing, is hereby further
116 amended by inserting after the definition of “Non-renewable energy supply and resource
117 development” the following definition:-

118 "On-site combined heat and power facility", a combined heat and power facility using
119 equipment and services to produce and deliver electric and thermal energy to end use customers
120 located on the property on which the facility is located or on property contiguous to the property
121 on which the facility is located; provided, however, that the property of the end use customer
122 shall be considered contiguous to the property on which the on-site combined heat and power

123 facility is located if (i) said properties are geographically adjacent to one another, (ii) said
124 properties are only separated by an easement, a public thoroughfare or a transportation or utility-
125 owned right-of-way or (iii) regardless of any intervening properties, public thoroughfares, or
126 transportation or

127 utility-owned rights-of-way, the end use customer is purchasing thermal energy produced by the
128 on-site combined heat and power facility and said thermal energy is being utilized in an
129 established application of thermal energy, including but not limited to, industrial or commercial
130 heating or cooling.

131 SECTION 19. Said section 1 of said chapter 164, as so appearing, is hereby further
132 amended by striking out the definition of “Supplier” and inserting in place thereof the following
133 definition:-

134 “Supplier”, a supplier of generation service to retail customers, including power
135 marketers, brokers and marketing affiliates of distribution companies, except that neither an
136 electric company nor an on-site combined heat and power facility shall be considered a supplier.

137 SECTION 20. Section 1F of chapter 164 of the General Laws, as so appearing, is hereby
138 amended by adding the following paragraph:-

139 (10) Notwithstanding section 94 or any other general or special law to the contrary,
140 whenever the department makes a determination upon an application for a general increase in
141 total distribution costs paid by ratepayers under 220 CMR 5.00 et seq. which results in an
142 increase of 10 per cent or greater above the total distribution costs paid by those ratepayers at the
143 time the application was filed, the department shall allow for not more than a 7 ½ per cent
144 increase in rates for the first rate year in which the approved rates are to go into effect, and not

145 more than a 7 ½ per cent increase in any subsequent year necessary to fulfill the approved rate;
146 provided, however, that an increase of more than 7 ½ per cent may be allowed upon a showing
147 of strict necessity and a finding by the department that the increase occurred despite best faith
148 efforts to avoid such a result. When a non-residential ratepayer is subject to an increase in total
149 distribution costs that is 15 per cent or more than that ratepayer was paying prior to a department
150 approved rate increase that caused such increase, the ratepayer may file a petition within 20 days
151 after the department approves the rate increase for a phase-in of the ratepayer's distribution cost
152 increase over a period of years. The department shall order the phase-in upon a showing of the
153 increased distribution costs of 15 per cent or more, but the ordered phase-in shall be for not less
154 than 2 rate years and for not more than 50 per cent of the increase in the first rate year of the
155 phase in period. Such petition shall be acted upon by the department within 60 days of its filing
156 or prior to the rate becoming effective, whichever occurs first. Failure to act shall be considered
157 approval by the department of the petition for not more than 50 per cent of the increase in year 1
158 and not more than 50 per cent in year 2.

159 SECTION 21. Section 1J of said chapter 164, as so appearing, is hereby amended by
160 adding the following paragraph:-

161 In the event that more than either (i) 20,000 customers or (ii) 0.8% of the total customers,
162 whichever is fewer, of an electric company are subjected to a continuous power interruption of 4
163 hours or more that results in the transmission of power at less than 50% of the standard voltage,
164 or that results in the total loss of power transmission, the electric company shall be responsible
165 for reimbursing the affected municipality, county or other unit of local government in which the
166 power interruption has taken place for all emergency expenses, direct and contingent, incurred
167 as a result of the interruption. A waiver of the requirements of this section may be granted by the

168 department in instances in which the electric company can show that the power interruption was
169 a result of any 1 or more of the following causes:

170 (i) unpreventable damage due to weather events or conditions;

171 (ii) customer tampering;

172 (iii) unpreventable damage due to civil or international unrest, criminal mischief or
173 animals; or

174 (iv) damage to utility equipment or other actions by a party other than the utility, its
175 employees, agents or contractors.

176 Loss of revenue and expenses incurred in complying with this section shall not be
177 recovered from retail customers.

178 SECTION 22. Chapter 164 of the General Laws, as so appearing, is hereby amended by
179 inserting after section 1J the following section:-

180 Section 1K. (a) As used in this section the following words shall, unless the context clearly
181 requires otherwise, have the following meanings:-

182 “Catastrophic conditions”, severe weather conditions resulting in the interruption of
183 service to 10 per cent or more of a utility's customers or a state of emergency declared by local,
184 state or federal government officials.

185 “Duration of the interruption”, the measure of time from the time the utility was notified
186 or otherwise became aware of the loss of service.

187 “Interruption”, the full or partial loss of service to 1 or more customers for longer than 5
188 minutes.

189 “Normal conditions”, conditions other than catastrophic conditions.

190 “Same-circuit repetitive interruption”, a grouping of more than 10 customers on a circuit
191 who experience multiple interruptions under all conditions.

192 (b) Notwithstanding any general or special law, rule or regulation to the contrary, the
193 department shall promulgate regulations to establish a credit of not less than \$25 to be awarded
194 to each ratepayer, whereupon an investor-owned electric distribution, transmission or natural gas
195 distribution company fails to restore service as follows:

196 (i) within 120 hours after an interruption due to catastrophic conditions;

197 (ii) within 16 hours after an interruption that occurred during normal conditions; or

198 (iii) where there are more than 7 service interruptions in a 12-month period due to same
199 circuit repetitive interruption.

200 The credit shall be credited during a single billing month within 3 months of the
201 department’s notification of violation or final adjudication after appeal under this section;
202 provided, however, that companies may petition the department to distribute the credit over a
203 period of more than a single billing month if the cumulative amount of the credits exceeds
204 \$10,000,000. The department may establish a schedule of credits dependent on the class of
205 ratepayer, length of interruption or frequency of interruption. The entire cost of the credit shall
206 be assessed to the investor-owned electric distribution, transmission or natural gas distribution
207 company that provides such service to the affected customer. The issuance of the credit shall be

208 appealable to the department. The department shall review the amount of the credit on an annual
209 basis. The credits established by this section shall be implemented notwithstanding the maximum
210 penalty under section 1J.

211 SECTION 23. Section 94 of said chapter 164, as so appearing, is hereby amended by
212 striking out the first paragraph and inserting in place thereof the following paragraph:-

213 Gas and electric companies shall file with the department schedules, not less frequently
214 than every 3 years, under a filing schedule as prescribed by the department and in such form as
215 the department shall prescribe, showing all rates, prices and charges to be charged or collected
216 within the commonwealth for the sale and distribution of gas or electricity, together with all
217 forms of contracts to be used in connection with such schedules; provided, however, that the
218 requirement to file a schedule with the department not less frequently than every 3 years shall not
219 apply to a company or corporation as defined in section 1 of chapter 165. Rates, prices and
220 charges in such a schedule may be changed by any such company by filing a schedule setting
221 forth the changed rates, prices and charges; provided, however, that until the effective date of
222 any such change no different rate, price or charge shall be charged, received or collected by the
223 company filing such a schedule from those specified in the schedule then in effect; provided,
224 further, that a company may:

225 (i) continue to charge, receive and collect rates, prices and charges under a contract
226 lawfully entered into before the schedule takes effect or until the department otherwise orders,
227 after notice to the company, a public hearing and determination that the public interest so
228 requires; and

229 (ii) sell and distribute gas or electricity under a special contract hereafter made at rates or
230 prices differing from those contained in a schedule in effect; provided, further, that a copy of the
231 contract, in each instance, is filed with the department, except that a contract of a company
232 whose sole business in the commonwealth is the supply of electricity in bulk need not file,
233 except as may be required by the department.

234 Whenever the department receives notice of any changes proposed to be made in any
235 schedule filed under this chapter which represent a general increase in rates, prices and charges
236 for gas or electric service, it shall notify the attorney general immediately and shall hold a public
237 hearing and make an investigation as to the propriety of such proposed changes after first
238 causing notice of the time, place and the subject matter of such hearing to be published at least
239 21 days before such hearing in such local newspapers as the department may select. The
240 department may apportion electric and gas company rate case expenses between shareholders
241 and ratepayers. Unless the department otherwise authorizes, the rates, prices and charges under
242 the schedule of a gas or electric company shall not become effective until the first day of the
243 month next after the expiration of 14 days from the filing of the petition; provided, that the
244 department shall not authorize rates filed under a proposed settlement agreement more than once
245 in a 6-year period Unless the department otherwise authorizes, the rates, prices and charges set
246 forth in the schedule of a corporation or company, as defined in section 1 of chapter 165, shall
247 not become effective until the first day of the month next after the expiration of 14 days from the
248 filing of the petition. Such rates, prices and charges shall apply to the consumption shown by
249 meter readings made after the effective date of such rates, prices and charges, unless the
250 department otherwise orders. So much of said schedules shall be printed in such form and
251 distributed and published in such manner as the department may require.

SECTION 24. Section 94G½ of said chapter 164 is hereby repealed.

SECTION 25. Said chapter 164 is hereby amended by striking out section 96, as appearing in the 2010 Official Edition, and inserting in place thereof the following section:-

Section 96. (a) For purposes of this section, the following words shall, unless the context clearly requires otherwise, have the following meanings:-

“Control”, the possession of the power, through direct or indirect ownership of a majority of the outstanding voting securities of a gas or electric company or of a holding company thereof, to direct or cause the direction of the management and policies of a gas or electric company or a holding company thereof or the ability to effect a change in the composition of its board of directors or otherwise; provided, however, that control shall not be considered to arise solely from a revocable proxy or consent given to a person in response to a public proxy or consent solicitation made under the applicable rules and regulations of the Securities Exchange Act of 1934 unless a participant in said solicitation has announced an intention to effect a merger or consolidation with, reorganization or other business combination or extraordinary transaction involving such gas or electric company or the holding company.

“Foreign electric company”, an electric company with a domicile, principal place of business, headquarters or place of incorporation outside of the commonwealth, but which may have costs in common with a gas or electric company subject to this chapter that may be allocated by a holding company after an acquisition of control.

“Foreign gas company”, a gas company with a domicile, principal place of business, headquarters or place of incorporation outside of the commonwealth, but which may have costs

273 in common with a gas or electric company subject to this chapter that may be allocated by a
274 holding company after an acquisition of control.

275 “Holding company”, any corporation, association, partnership, trust or similar
276 organization, or person which, regardless of the locus of the domicile, principal place of
277 business, headquarters or place of incorporation of such entity, either alone or in conjunction and
278 under an arrangement or understanding with 1 or more other corporations, associations,
279 partnerships, trusts or similar organizations, or persons, directly or indirectly, controls, or seeks
280 to acquire control over, and may cause costs to be allocated to a gas or electric company.

281 “Third party acquirer”, any corporation, association, partnership, trust or similar
282 organization or person that is not under common control with a holding company or companies
283 that are being acquired.

284 (b) Notwithstanding this chapter or any other general or special law to the contrary,
285 companies, except steam distribution companies, subject to this chapter, or holding companies
286 may consolidate or merge with one another or may sell and convey all or substantially all of their
287 properties to another of such companies or to a wholesale generation company. Such companies,
288 holding companies or wholesale generation companies may purchase such properties if: (i) the
289 purchase, sale, consolidation or merger, and the terms thereof, have been approved, at meetings
290 called for the purpose of approving such sale, consolidation or merger, in the case of any
291 contracting company organized under the laws of the commonwealth, by a vote of the holders of
292 at least two-thirds of each class of such company’s stock outstanding and entitled to vote on the
293 question , and, in the case of any contracting company organized in a state other than the
294 commonwealth, by a vote of the holders of at least that percentage of such company’s

295 outstanding stock required for approval of the question under the laws of such state; and (ii) that
296 the department, after notice and a public hearing, has determined that such purchase and sale,
297 consolidation or merger, and the terms thereof, are consistent with the public interest. In
298 determining whether a purchase and sale, consolidation or merger is consistent with the public
299 interest, the department shall, at a minimum, consider: potential rate changes, if any; the long
300 term strategies that will assure a reliable, cost effective energy delivery system; any anticipated
301 interruptions in service; or other factors which may negatively impact customer service. The
302 purchase or sale of properties by, or the consolidation or merger of, wholesale generation
303 companies shall not require departmental approval except as otherwise provided in this
304 subsection.

305 (c) Notwithstanding this chapter or any other general or special law to the contrary, gas,
306 electric or holding company, subject to this chapter, shall not enter into any transaction or
307 otherwise take any action which would result in a change of its control over any gas, electric or
308 holding company, or foreign gas or electric company unless: (i) the terms thereof, have been
309 approved, at meetings called therefor, in the case of any contracting company organized under
310 the laws of the commonwealth, by a vote of the holders of at least two-thirds of each class of
311 such company's stock outstanding and entitled to vote on the question, and, in the case of any
312 contracting company organized in a state other than the commonwealth, by a vote of the holders
313 of at least that percentage of such company's outstanding stock required for approval of the
314 question under the laws of such state; and (ii) the department, after notice and a public hearing,
315 has determined that such transaction or action, and the terms thereof, are consistent with the
316 public interest; provided, however, that in making such a determination the department shall, at a
317 minimum, consider: potential rate changes, if any; the long term strategies that will assure a

318 reliable, cost effective energy delivery system; any anticipated interruptions in service; or other
319 factors which may negatively impact customer service.

320 (d) Corporate reorganizations involving holding companies that will not result in the
321 acquisition, directly or indirectly, of control of an electric or gas company subject to this chapter,
322 or of a holding company thereof, by a third party acquirer shall not be subject to this section.

323 SECTION 26. Section 138 of said chapter 164, as so appearing, is hereby amended by
324 inserting after the definition of “Agriculture” the following definition:-

325 “Anaerobic digestion net metering facility”, a facility that (1) generates electricity from a
326 biogas produced by the accelerated biodegradation of organic materials under controlled
327 anaerobic conditions; and (2) has been determined by the department of energy resources, in
328 coordination with the department of environmental protection, to qualify under the department of
329 energy resources regulations as a Class I renewable energy generating source under section 11F
330 of chapter 25A.

331 SECTION 27. Said section 138 of said chapter 164, as so appearing, is hereby further
332 amended by striking out, in lines 20-23, the words “and provided further, that credit for a Class I
333 net metering facility not using solar or wind as its energy source shall be the average monthly
334 clearing price at the ISO-NE” and inserting in place thereof the following words:- and provided
335 further, that credit for a Class I net metering facility that is not an agricultural net metering
336 facility or that is not using solar, anaerobic digestion or wind as its energy source shall be the
337 average monthly clearing price at the ISO-NE.

338 SECTION 28. Said section 138 of said chapter 164, as so appearing, is hereby further
339 amended by inserting after the word “facility” , in lines 36 and 54, the second time it appears, in
340 each instance, the following words:- ,an anaerobic digestion net metering facility.

341 SECTION 29. Said section 138 of said chapter 164, as so appearing, is hereby further
342 amended by inserting after the word “metering”, in line 60, the first time it appears, the
343 following words:- , anaerobic digestion net metering.

344 SECTION 30. The definition of “Net metering facility of a municipality or other
345 governmental entity” in section 138 of said chapter 164, as so appearing, is hereby amended by
346 adding the following words:- ; provided, however, that renewable energy facilities of a
347 cooperative corporation organized under section 136 with only municipalities and other
348 governmental entities as members may qualify as a net metering facility of a municipality or
349 other governmental entity.

350 SECTION 31. Subsection (e) of section 139 of said chapter 164, as so appearing, is
351 hereby amended by adding the following sentence:- For the purposes of net metering, a
352 cooperative corporation organized under section 136 that is comprised solely of municipalities or
353 other governmental entities shall not be considered an electric company, generation company,
354 aggregator, supplier, energy marketer or energy broker, within the meaning of those terms as
355 defined in sections 1 and 1F.

356 SECTION 32. Subsection (f) of said section 139 of said chapter 164, as so appearing, is
357 hereby amended by striking out, in line 68, the words “1 per cent” and inserting in place thereof
358 the following words:- 3 per cent.

359 SECTION 33. Said subsection (f) of said section 139 of said chapter 164, as so
360 appearing, is hereby further amended by striking out, in line 70, the words “2 per cent” and
361 inserting in place thereof the following words:- 3 per cent.

362 SECTION 34. Said subsection (f) of said section 139 of said chapter 164, as so
363 appearing, is hereby further amended by inserting after the word “megawatts”, in line 73, the
364 following words:- ; provided, that a cooperative corporation organized under section 136 that is
365 comprised solely of municipalities or other governmental entities may qualify as the customer of
366 a net metering facility of a municipality or other governmental entity and such cooperative
367 corporation may allocate the facility's generating capacity to a municipality or other
368 governmental entity with the written assent of such municipality or other governmental entity
369 and the department. A municipality or governmental entity may not exceed 10 megawatts,
370 whether as a customer of a net metering facility or from allocated generating capacity from such
371 cooperative corporation.

372 SECTION 35. Said subsection (f) of said section 139 of said chapter 164, as so
373 appearing, is hereby further amended by inserting after the word “facility”, in line 76, the
374 following words:- or an anaerobic digestion net metering facility.

375 SECTION 36. Subsection (g) of said section 139 of said chapter 164, as so appearing, is
376 hereby amended by adding the following sentence:- The department shall adopt rules and
377 regulations regarding the assurance of net metering eligibility.

378 SECTION 37. Said section 139 of said chapter 164, as so appearing, is hereby amended
379 by adding the following subsection:-

(h) A Class I net metering facility shall be exempt from the aggregate net metering capacity of facilities that are not net metering facilities of a municipality or other governmental entity under subsection (f), and may net meter if it is generating renewable energy and:

(1) the nameplate capacity of the facility is equal to or less than 10 kilowatts on a single-phase circuit, or 25 kilowatts on a 3-phase circuit; or

(2) the department determines that the facility's average kilowatt-hour generation will not exceed 100 per cent of the customer's average kilowatt-hour usage over the course of a calendar year. The department's determination shall be based on usage data from the previous calendar year and shall be made before the facility begins to generate electricity. If such data is not available, the department may use a forecast of the customer's average usage over the course of a calendar year.

SECTION 38. Chapter 775 of the acts of 1975 is hereby amended by striking out subsection (a) of section 6 and inserting in place thereof the following subsection:-

(a) The corporation, and member and non-member cities and towns having municipal electric departments established under chapter 164 of the General Laws or by a special act and other utilities, public or private, may enter into energy contracts including, but not limited to, contracts providing for the sale or purchase of energy or energy facilities, borrowing by members under a pooled loan program, planning, engineering, design, acquiring sites or options for sites and expenses preliminary or incidental to such facilities. Any such contract may: (i) be for the life of a facility or other term or for an indefinite period; (ii) provide for the payment of unconditional obligations imposed without regard to whether a facility is undertaken, completed, operable or operating and notwithstanding the suspension, interruption, interference, reduction or

402 curtailment of the output of a facility; and (iii) contain provisions for prepayment, non-
403 unanimous amendment, arbitration, delegation and other matters considered necessary or
404 desirable to carry out its purposes. Any such contract may also provide, in the event of default
405 by any party to the contract in the performance of its obligations under the contract, for other
406 parties to assume the obligations and succeed to the rights and interests of the defaulting party,
407 pro rata or otherwise as may be agreed upon in the contract.

408 SECTION 39. Section 142 of said chapter 164, as so appearing, is hereby amended by
409 adding the following 2 paragraphs:-

410 The owner of an on-site combined heat and power facility may distribute and sell
411 electricity at retail to end use customers located on the property on which the facility is located
412 or on property contiguous to the property on which said facility is located. The department shall
413 promulgate regulations to ensure that the delivery of electricity from an on-site combined heat
414 and power facility to end use customers shall meet the same standards of reliability and safety as
415 those that apply to the design, operation and maintenance of distribution facilities by a
416 distribution company, including standards for metering and interconnection. The distribution
417 company providing distribution service to the end use customers served by an on-site combined
418 heat and power facility shall provide non-discriminatory electric delivery services at the standard
419 prevailing tariff rates applicable to such individual end use customers. In the event of a forced
420 outage of delivered supply, the distribution company experiencing such outage shall be
421 responsible for curing the outage. The distribution companies shall provide back-up service to
422 any end use customer desiring such service.

423 A distribution company shall not exercise its franchise rights in a way that would affect
424 the distribution and sale of electricity by on-site combined heat and power facilities to end use
425 customers; provided, however, that the department may grant a waiver of this prohibition upon a
426 finding that the waiver is in the public interest and that failure to grant the waiver will result in
427 irreparable harm to the distribution company. Any party aggrieved by a decision of the
428 department under this section may seek judicial review under chapter 30A.

429 SECTION 40. Section 83 of chapter 169 of the acts of 2008 is hereby amended by
430 striking out the first paragraph and inserting in place thereof the following paragraph:-

431 Beginning on July 1, 2009 and continuing until December 31, 2012, each distribution
432 company, as defined in section 1 of chapter 164 of the General Laws, shall be required twice to
433 solicit proposals from renewable energy developers and, provided reasonable proposals have
434 been received, enter into cost-effective long-term contracts to facilitate the financing of
435 renewable energy generation. The timetable and method for solicitation and execution of such
436 contracts shall be proposed by the distribution company in consultation with the department of
437 energy resources and shall be subject to review and approval by the department of public
438 utilities. This long-term contracting obligation shall be separate and distinct from the electric
439 distribution companies' obligation to meet applicable annual renewable portfolio standard,
440 hereinafter referred to as RPS, requirements, under section 11F of chapter 25A of the General
441 Laws.

442 SECTION 41. Said chapter 169 is hereby further amended by inserting after section 83
443 the following section:-

444 Section 83A. Beginning on January 1, 2013 and continuing until December 31, 2016,
445 each distribution company, as defined in section 1 of chapter 164 of the General Laws, shall be
446 required twice in that time period to solicit additional proposals from renewable energy
447 developers and, provided reasonable proposals have been received, enter into additional cost-
448 effective long-term contracts to facilitate the financing of renewable energy generation. The
449 timetable and method for solicitation and execution of such contracts shall be proposed by the
450 distribution company in consultation with the department of energy resources and shall be
451 subject to review and approval by the department of public utilities. This long-term contracting
452 obligation shall be separate and distinct from the electric distribution companies' obligation to
453 meet applicable annual renewable portfolio standard, hereinafter referred to as RPS,
454 requirements, under section 11F of chapter 25A of the General Laws.

455 For purposes of this section, a long term contract shall be a contract with a term of 10 to
456 20 years. In developing proposed long term contracts, the distribution company shall consider
457 multiple contracting methods, including long-term contracts for renewable energy certificates,
458 hereinafter referred to as RECs, for energy, and for a combination of both RECs and energy.
459 Beginning January 1, 2013, the electric company shall select a reasonable method of soliciting
460 proposals from renewable energy developers using a competitive bidding process only. Electric
461 companies may use timetables and methods for the solicitation of competitively bid long-term
462 contracts approved by the department of public utilities prior to January 1, 2013. The distribution
463 company may decline to consider contract proposals having terms and conditions that it
464 determines would require the contract obligation to place an unreasonable burden on the
465 distribution company's balance sheet. The distribution company shall consult with the
466 department of energy resources regarding its choice of contracting methods and solicitation

467 methods. All proposed contracts shall be subject to the review and approval of the department of
468 public utilities.

469 The department of public utilities and the department of energy resources each shall
470 adopt regulations consistent with this section. The regulations shall: (a) allow renewable energy
471 developers to submit proposals for long-term contracts conforming to the contracting methods
472 specified in the second paragraph; (b) require that contracts executed by the distribution
473 company under such proposals are filed with, and approved by, the department of public utilities
474 before they become effective; (c) provide for an annual remuneration for the contracting
475 distribution company equal to the actual cost to the company for accepting the financial
476 obligation of the long-term contract, but in no case shall such remuneration exceed 1 per cent of
477 the annual payments under the contract, such provision to be acted upon by the department of
478 public utilities at the time of contract approval; and (d) require that the renewable energy
479 generating source to be used by a developer under the proposal meet the following criteria: (1)
480 have a commercial operation date, as verified by the department of energy resources, on or after
481 January 1, 2008; (2) be qualified by the department of energy resources as eligible to participate
482 in the RPS program, under said section 11F of said chapter 25A, and to sell RECs under the
483 program; and (3) be determined by the department of public utilities to: (i) provide enhanced
484 electricity reliability within the commonwealth; (ii) contribute to moderating system peak load
485 requirements; (iii) be cost effective to Massachusetts electric ratepayers over the term of the
486 contract; and (iv) where feasible, create additional employment and economic development in
487 the commonwealth. As part of its approval process, the department of public utilities shall
488 consider the attorney general's recommendations, which shall be submitted to the department of
489 public utilities within 45 days following the filing of such contracts with the department of

490 public utilities. The department of public utilities shall take into consideration both the potential
491 costs and benefits of such contracts and shall approve a contract only upon a finding that it is a
492 cost effective mechanism for procuring low cost renewable energy on a long-term basis taking
493 into account the factors outlined in this section.

494 Distribution companies shall not be obligated to enter into long-term contracts under this
495 section that would, in the aggregate, exceed 4 per cent of the total energy demand from all
496 distribution customers in the service territory of the distribution company. Ten per cent of the
497 aggregate level of long-term contracts shall be reserved for newly developed, small, emerging or
498 diverse renewable energy distributed generation facilities, as determined by the department, that
499 are located within each distribution company's service territory. Distributed generation projects
500 shall have a nameplate capacity no larger than 6 megawatts, but shall not qualify as a Class I, II
501 or III net metering facility, as defined in section 138 of said chapter 164; provided, however, that
502 long-term contracts reserved for newly developed, small, emerging or diverse renewable energy
503 distributed generation facilities shall not be awarded to any technology which had more than 30
504 megawatts of capacity installed in the commonwealth before April 1, 2012. As long as the
505 electric distribution company has entered into long-term contracts in compliance with this
506 section, it shall not be required by regulation or order to enter into contracts with terms of more
507 than 3 years in meeting its applicable annual RPS requirements under said section 11F of said
508 chapter 25A, unless the department of public utilities finds that such contracts are in the best
509 interest of customers; provided, however, that the electric distribution company may execute
510 such contracts voluntarily, subject to the department of public utilities' approval.

511 An electric distribution company may elect to use any energy purchased under such
512 contracts for resale to its customers at the contract price, and may elect to retain RECs for the

513 purpose of meeting the applicable annual RPS requirements under said section 11F of said
514 chapter 25A. If the energy and RECs are not so used, such companies shall sell such purchased
515 energy into the wholesale spot market and shall sell such purchased RECs through a competitive
516 bid process. Notwithstanding the previous sentence, the department of energy resources shall
517 conduct periodic reviews to determine the impact on the energy and REC markets of the
518 disposition of energy and RECs under this section and may issue reports recommending
519 legislative changes if it determines that actions are being taken that will adversely affect the
520 energy and REC markets.

521 If the distribution company sells the purchased energy into the wholesale spot market and
522 auctions the RECs as described in the fifth paragraph, the distribution company shall net the cost
523 of payments made to projects under the long-term contracts against the proceeds obtained from
524 the sale of energy and RECs, and the difference shall be credited or charged to all distribution
525 customers through a uniform fully reconciling annual factor in distribution rates, subject to
526 review and approval of the department of public utilities. The reconciliation process shall be
527 designed so that the distribution company recovers all costs incurred under such contracts. If the
528 RPS requirements of said section 11F of said chapter 25A should ever terminate, the obligation
529 to continue periodic solicitations to enter into long-term contracts shall cease, but contracts
530 already executed and approved by the department of public utilities shall remain in full force and
531 effect.

532 On or before July 1, 2010, and annually until the long-term contracting requirement
533 expires, the department of energy resources shall assess whether the long-term contracting
534 requirements under this section reasonably support the renewable energy goals of the
535 commonwealth under said section 11F of said chapter 25A, and whether the alternative

536 compliance rate established under said section 11F of said chapter 25A should be adjusted
537 accordingly.

538 This section shall not limit consideration of other contracts for RECs or power submitted
539 by a distribution company for review and approval by the department of public utilities.

540 If this section is subject to a judicial challenge, the department of public utilities may
541 suspend the applicability of the challenged provision during the pendency of the judicial action
542 until final resolution of the challenge and any appeals, and shall issue such orders and take such
543 other actions as are necessary to ensure that the provisions that are not challenged are
544 implemented expeditiously to achieve the public purposes of this section.

545 SECTION 42. Clause (2) of subsection (a) of section 116 of said chapter 169 is hereby
546 amended by adding the following words:- , including hydroelectric power, regardless of whether
547 that power is eligible under the renewable energy portfolio standard contained in section 11F of
548 chapter 25A of the General Laws.

549 SECTION 43. Said chapter 169 is hereby further amended by inserting after section 116
550 the following section:-

551 Section 116A. The executive office of energy and environmental affairs shall report the
552 estimated or actual ratepayer cost and benefits of any program required under this act every 3
553 years to the joint committee on telecommunications, utilities and energy. Said reporting shall be
554 submitted to the committee by January 31 of each reporting year. Whenever possible, the
555 reported costs shall be presented on a volumetric basis, by customer class.

556 SECTION 44. The executive office of energy and environmental affairs shall conduct a
557 study of the greenhouse gas emissions reduction potential and viability, fiscal impact, statutory
558 and regulatory barriers and anticipated long-term results of establishing a clean energy
559 performance standard consistent with the greenhouse gas emission reduction requirements of
560 chapter 21N of the General Laws, including all interim greenhouse gas limits adopted by the
561 secretary under said chapter 21N. The study shall consider how such a clean energy performance
562 standard could be designed so as to advance the deployment of electricity generation and storage
563 technologies that have low or no greenhouse gas emissions and that are not eligible under
564 sections 11F or 11F ½ of chapter 25A of the General Laws, nor eligible as part of any energy
565 efficiency program under section 19 of chapter 25 of the General Laws. The study shall be based
566 on the best available scientific, technical and economic analysis and specifically shall consider,
567 but shall not be limited to, (a) market-based frameworks designed to encourage lower production
568 of greenhouse gas emissions per megawatt-hour of electricity delivered; (b) mechanisms to make
569 such a greenhouse gas emissions performance standard more stringent over time; (c) categories
570 of low emissions or no emissions technologies that should be eligible under a clean energy
571 performance standard, including but not limited to hydropower facilities having a nameplate
572 capacity greater than 25 megawatts, large-capacity electric storage technologies, and related
573 smart grid technologies that may enable achievement of the commonwealth's clean energy goals;
574 (d) mechanisms for encouraging the displacement of electricity produced by generating facilities
575 having high emissions of greenhouse gases per megawatt-hour of electricity delivered with
576 lower-emissions resources; (e) the extent to which various types of low emissions and no
577 emissions technologies have reached technological maturity and the associated degree of need,
578 or not, for incentives to encourage deployment on a commercial basis; (f) economic benefits and

579 impacts for the commonwealth, including, but not limited to, electric ratepayer benefits and
580 impacts as well as employment and other economic development opportunities over the short
581 term and long term; (g) tracking mechanisms; (h) allowing tradability among suppliers, including
582 distribution companies; (i) incentives for reducing criteria and hazardous pollutants coincident
583 with reductions in greenhouse gas emissions; (j) eligibility criteria for electricity generation and
584 storage technologies directed toward avoiding undue impacts on the environment or public
585 welfare; and (k) policies adopted or considered by other jurisdictions, including other states,
586 federal government entities or foreign nations, to advance objectives similar to those identified
587 herein. The department shall submit a copy of the study to the clerks of the house of
588 representatives and the senate who shall forward the copy of the study to the joint committee on
589 telecommunications, utilities and energy by January 1, 2013.

590 SECTION 45. The secretary of the executive office of energy and environmental affairs
591 shall conduct an investigation and study into the process for reactivation of pre-existing
592 hydroelectric power sites, including a review of all necessary permitting and approvals to
593 determine whether and how the process can be expedited and streamlined. The investigation
594 shall include a determination of those permits necessary from federal, state and local agencies for
595 the reactivation of a pre-existing site, and recommendations to streamline the process to allow
596 for timely and cost-effective redevelopment. In the course of the investigation, the secretary
597 shall convene, to the extent possible, those state and federal agencies responsible for permitting,
598 and any entities that may have obtained, or pursued, permits for the reactivation of pre-existing
599 hydroelectric power sites.

600 The secretary shall file a report of the findings with the clerks of house of representatives
601 and the senate who shall forward a copy of the report to the chairs of the joint committee on

602 environment, natural resources and agriculture and the chairs of the joint committee on
603 telecommunications, utilities and energy by January 1, 2014.

604 SECTION 46. The department of public utilities shall conduct a study into the financing
605 of low-income electric and gas discount programs. The study shall identify the financing of the
606 existing program at each electric and gas distribution company and shall include consideration of
607 adopting a statewide mechanism for financing low-income discount programs. In addition, the
608 study shall identify and make recommendations as to cost-saving efficiencies that increase
609 accountability. The department shall submit a copy of the study to the clerks of the house of
610 representatives and the senate who shall forward the copy of the study to the joint committee on
611 telecommunications, utilities and energy by January 1, 2014.

612 SECTION 47. The department of energy resources shall study what legislative or
613 regulatory steps would serve to reduce reliance on alternative compliance payments in meeting
614 Class II renewable energy generating sources, as defined in section 11F of chapter 25A of the
615 General Laws, and report to the joint committee on telecommunications, utilities and energy its
616 recommendations by January 1, 2013.

617 SECTION 48. The department of public utilities and the attorney general shall jointly
618 conduct an investigation and study into the reliance of electric and gas distribution companies on
619 so-called trackers and reconciliation mechanisms. The study shall detail the trackers and
620 reconciliation methods currently approved by the department for all electric and gas distribution
621 companies, including identification of the start date of each. The department and the attorney
622 general shall determine the value and rationale of each, including, but not limited to: whether
623 each serves a legitimate purpose, whether or not trackers and reconciliation mechanisms are used

624 by electric and gas distribution companies as a method to avoid comprehensive rate reviews and
625 whether or not the continuance of each is necessary under the new framework requiring 3 year
626 rate reviews. The department and the attorney general shall include recommendations to reduce
627 reliance on trackers and reconciliation mechanisms. The department and the attorney general
628 shall publish a report of their findings and recommendations on their respective websites, and
629 shall submit a copy of the report to the clerks of the house of representatives and the senate who
630 shall forward a copy of the report to the joint committee on telecommunications, utilities and
631 energy, by April 1, 2013.

632 SECTION 49. The department of energy resources and the attorney general shall jointly
633 study the feasibility, anticipated results, statutory and regulatory barriers and potential benefits of
634 authorizing the commonwealth to procure long-term contracts with Class I renewable energy
635 facilities, as defined in section 11F of chapter 25A of the General Laws, together with long-term
636 contracts for transmission scheduling rights to deliver power generated by such facilities to load
637 zones in the commonwealth. The study shall be based on the best available technical, regulatory
638 and economic analysis. The study shall include a review of central procurement practices in
639 other jurisdictions, including other states or regions, and shall concentrate on such practices in
640 states with restructured electricity markets. The study shall review any studies already
641 performed, and shall take into consideration any studies currently being conducted by state or
642 regional groups with regards to regional procurement, and how the implementation of long-term
643 contract procurement would affect regional efforts in the ISO-New England service area. The
644 study shall identify potential problems and recommend possible solutions to be implemented
645 before the commonwealth is authorized to procure such long-term contracts. The department and
646 the attorney general shall publish a report of their findings and recommendations on their

647 respective websites, and shall submit a copy of the report to the clerks of the house of
648 representatives and the senate who shall forward the copy of the report to the joint committee on
649 telecommunications, utilities and energy, by December 15, 2012.

650 SECTION 50. The executive office of energy and environmental affairs, in consultation
651 with the Massachusetts Department of Transportation and the executive office of housing and
652 economic development, shall conduct a study on state and municipally funded outdoor lighting,
653 including highway and street lights. The executive offices and the department shall conduct at
654 least 1 public hearing in support of the study and shall solicit and evaluate input from lighting
655 engineers, lighting manufacturers, town planners, environmental protection advocates, the
656 Massachusetts Medical Society, the director of the Arnold Arboretum and other interested
657 organizations and individuals. The study shall include recommendations on ways to reduce non-
658 renewable electricity usage for outdoor lighting, support the business community and expand job
659 creation, enhance night sky visibility, protect public health and safety and promote electricity
660 pricing accountability. The executive office of energy and environmental affairs shall submit a
661 copy of the study to the clerks of the house of representatives and the senate who shall forward a
662 copy of the study to the joint committee on telecommunications, utilities and energy by
663 December 1, 2012.

664 SECTION 51. The executive office of energy and environmental affairs, in consultation
665 with the department of energy resources, shall study whether useful thermal energy shall be
666 added to the list of alternative energy generating sources that may be used to meet the
667 commonwealth's energy portfolio standard for all retail electricity suppliers selling electricity to
668 end-use customers in the commonwealth under section 11F½ of chapter 25A of the General
669 Laws. For purposes of this study, "useful thermal energy", shall mean energy in the form of

670 direct heat, steam, hot water or other thermal form that is used in production and beneficial
671 measures for heating, cooling, humidity control, process use or other valid thermal end use
672 energy requirements and for which fuel or electricity would otherwise be consumed. The
673 executive office of energy and environmental affairs shall submit a report of its findings to the
674 clerks of the house of representatives and the senate who shall forward a copy of the report to the
675 joint committee on telecommunications, utilities and energy not later than June 3, 2013.

676 SECTION 52. The division of local services within the department of revenue shall
677 study the impact and provide an estimate of the effect of the changes to chapter 59 of the General
678 Laws contained in this act on municipal revenues. The division of local services shall submit a
679 report detailing its findings to the clerks of the senate and the house of representatives, the chairs
680 of the joint committee on telecommunications, utilities and energy, the chairs of the joint
681 committee on revenue and the chairs of the joint committee on municipalities and regional
682 government not later than 3 years and 90 days after the effective date of this act.

683 SECTION 53. A customer that elects to participate in the voluntary accelerated rebate
684 pilot program under subsection (d) of section 19 of chapter 25 of the General Laws by January
685 31, 2013 may aggregate rebates in amounts not to exceed 270 per cent of the amount charged to
686 that customer for energy efficiency programs for calendar year 2012; a customer that elects to
687 participate after January 31, 2013 but before January 31, 2014 may aggregate rebates in amounts
688 not to exceed 180 per cent of the amount charged to that customer for energy efficiency
689 programs for calendar year 2012.

690 SECTION 54. Clause Forty-fifth of section 5 of chapter 59 of the General Laws shall not
691 apply to projects developed under section 139 of chapter 164 which have a signed agreement
692 with the city or town to make a payment in lieu of taxes as of the effective date of this act.

693 SECTION 55. Notwithstanding clause Forty-fifth of section 5 of chapter 59, any payment
694 in lieu of taxes agreements currently under contract between a municipality and a developer of
695 solar and wind projects that expires prior to 2032 may be negotiated up to the terms in place as
696 of the effective date of this act.

697 SECTION 56. The department of public utilities shall adopt rules and regulations
698 regarding the assurance of net metering eligibility under subsection (g) of section 139 of chapter
699 164 of the General Laws by October 1, 2012.

700 SECTION 57. The department of public utilities shall develop a standard interconnection
701 agreement for projects qualifying under subsection (h) of section 139 of chapter 164 of the
702 General Laws by January 1, 2013.

703 SECTION 58. Notwithstanding any general or special law or rule or regulation to the
704 contrary, beginning July 1, 2012, all electric bills sent to retail and commercial customers by an
705 electric or distribution company or competitive supplier shall include a separate line-item to
706 reflect the rate charged for renewable energy generation, transmission and distribution services
707 contained in the total retail price. The department shall determine whether any additional
708 information shall be required to be disclosed on the bills and to promulgate rules and regulations
709 to implement this section. Rules and regulations relative to the appeals process for billing
710 disputes or damage claims made by customers shall be published and distributed to customers as
711 part of an education and outreach program.

712 SECTION 59. The requirement to conduct a study under section 43 shall not be
713 construed as a limitation on the authority or obligation of the department of environmental
714 protection to issue regulations under subsection (d) of section 3 of chapter 21N of the General
715 Laws; nor shall the completion of the study be considered a condition precedent to the issuance
716 of such regulations.

717 SECTION 60. The pilot program created in section 2 shall begin in calendar year 2013.

718 SECTION 61. The first report required under section 43 shall be completed by January
719 31, 2013.

720 SECTION 62. Section 3 shall take effect on December 31, 2015.

721 SECTION 63. Section 41 shall not take effect until the department of energy resources
722 has completed a study to assess whether the long-term contracting requirements reasonably
723 support the renewable energy goals of the commonwealth as required under section 83 of chapter
724 169 of the acts of 2008 and said study has been submitted to the clerks of the house of
725 representatives and the senate and to the chairs of the joint committee on telecommunications,
726 utilities and energy. The study shall include, but not be limited to, input from stakeholders in the
727 energy sector.